

## *Executive Summary*

**A**ddiction plays a key role in many of California’s most pressing problems. Prison overcrowding, an overburdened foster care system, mental illness and soaring health care expenses all are fueled in part by alcohol and drug abuse.

In its 2003 report, “For Our Health and Safety: Joining Forces to Defeat Addiction,” the Commission found that the state allocated resources for substance abuse treatment without a strategy to improve outcomes at the local level or to link efforts among state departments. Collaboration among state and local agencies was poor, despite the fact that many public servants, from beat cops to mental health professionals to government administrators in Sacramento, often were dealing with the same troubled people. The situation has not changed.

The Commission has returned to this topic because addiction continues to stoke the need for state services and because the Substance Abuse and Crime Prevention Act, approved by voters as Proposition 36, has elevated the treatment system’s responsibilities. Now, the system is the foundation for a sentencing law that diverts as many as 50,000 nonviolent drug offenders into treatment.

Through public hearings, meetings of two Commission-created advisory committees, extensive interviews with providers, local government officials and treatment experts and a review of research, the Commission identified four critical problems that the state must address now:

- ***California lacks a coherent substance abuse treatment system.*** Funded by state and federal money, counties use widely divergent approaches to treatment with little oversight or accountability for results. The state has not integrated a coherent substance abuse treatment strategy into California’s health care, foster care or corrections systems. As a result, the state spends billions of dollars addressing the consequences of abuse, outlays that could be reduced or avoided with a greater emphasis on substance abuse treatment. Currently, treatment is often reserved for the most dependent and is not given to those in the earliest abuse stages, where it can be the most cost-effective.
- ***State leaders have not used their influence and power to control funding to drive improvements in the system.*** Elected officials

rarely focus on substance abuse policy. In part because of this lack of attention, the Department of Alcohol and Drug Programs is a timid agency that distributes money to counties with little effort to upgrade practices that would improve outcomes. State leaders have not used the power of the purse to coordinate substance abuse treatment across departments and require better treatment outcomes.

- ***Treatment advances are not systematically implemented in the field.*** The state has not put in place incentives for adopting evidence-based approaches that could improve treatment quality and outcomes. Absent a focus on results, government agencies that fund treatment, and the providers who administer treatment, largely have opted to treat as many people as possible, regardless of outcomes. This approach is built on a cost structure that results in low pay for the treatment workforce, high staff turnover, and inexperienced and undereducated counselors.
- ***Funding is limited and not used strategically.*** Despite evidence that spending money on treatment is cost-effective and saves money, California does not maximize funds available for treatment or use available money efficiently. Regulations governing public funding streams are outdated and limit providers' ability to implement best practices in treatment. With private insurers paring benefits for substance abuse treatment, taxpayers increasingly are left to pay for an ever larger share of treatment costs.

New issues and knowledge have emerged that make the state's haphazard approach to addressing alcohol and drug abuse even more short-sighted and inefficient. Methamphetamine use has exploded into an epidemic, adding pressure to an already burdened treatment system and fueling problems in other corrections, health and human service systems. In the past five years, more has been learned about the relationship between substance abuse and mental illness, the prevalence of these co-occurring disorders and the need to treat both disorders simultaneously. California, however, has not yet shaped laws and regulations to recognize this reality. And most importantly, the passage and implementation of the Substance Abuse and Crime Prevention Act, or Proposition 36, places substance abuse treatment as a focal point of the state's criminal justice system. While Proposition 36 is an improvement over past policies, which rarely provided treatment to drug offenders, results so far are disappointing.

Improving Proposition 36 is directly linked to improving the state's treatment system, which will require building a new model of treatment

based on science, efficient delivery of services in the right settings and, perhaps most of all, more leadership and guidance from policy-makers.

This new system would integrate substance abuse treatment into most health and human services. The state's foster care system and public health clinics, for example, must screen for alcohol and drug problems among clients, collect data, and share in the responsibility of providing treatment that could rebuild families and reduce state expenses.

The state should no longer distribute money to treatment providers without holding them accountable for better outcomes. We know enough about what types of treatment strategies work; it is time to drive the system toward proven practices. Additionally, because we know that substance abuse problems are often accompanied by other ailments, particularly mental health issues, the state must require treatment providers to develop partnerships with other health and human service systems.

At the heart of a new, improved and integrated substance abuse treatment system are two key requirements: elected officials, judges, and directors of health and human service agencies must recognize substance abuse as a key driver of their systems and prepare adequate responses; and to help them, the state Department of Alcohol and Drug Programs must transform itself into an intellectual leader in the field of substance abuse, setting standards and guidelines, rewarding success and penalizing poor outcomes, and providing advice to policy-makers and others on cost-effective programs and strategies.

As the state continues to grapple with severe budget shortfalls, the Commission urges leaders to look at improving and expanding substance abuse treatment as a way to save money.

While improving the substance abuse treatment system will undoubtedly improve Proposition 36 outcomes, other changes are needed to better implement this important public policy.

A Commission review of the program found that only 19 percent of offenders referred to Proposition 36 complete their treatment program. Too many offenders are evading treatment without penalty; many others with long-standing and serious addiction problems are not getting the treatment they need.

Imperfect as it may be, however, Proposition 36 has added hundreds of millions of dollars for treatment, helping many receive support for the first time. The proposition also has generated data on drug use that has given policy professionals and treatment providers alike a far more

detailed picture of California's alcohol and drug abuse problems, including the explosion of methamphetamine use and subsequent human damage.

Research conducted by the University of California, Los Angeles, also showed that Proposition 36, however flawed, is cost effective. In addition to helping people put their lives on track, it helped the state save money, mainly through reduced jail and prison expenses. When Proposition 36 is successful – when offenders complete treatment – it also improves public safety.

Rather than try to replace Proposition 36, the state should fix it. It should require counties to use risk and needs assessments to determine what programs can best help offenders, and motivate offenders to finish their treatment through the use of rewards as well as a system of escalating sanctions. Drug court models, which feature frequent drug testing, frequent interaction between offenders and judges, and collaboration among treatment providers, judges, law enforcement and prosecuting and defense attorneys, have proven to be the most effective way to handle drug offenders, and they should be required in each county. Above all, Proposition 36 funding should be distributed based in part on outcomes. The state can and should steer counties toward proven practices by setting goals – such as increasing the number of offenders who enter treatment, or remain in treatment – and then rewarding the counties that achieve those goals.

While the subject is currently in litigation, the Commission believes flash incarceration – placing non-compliant offenders in jail for brief periods – should be an option available to judges, as experts say it can be a valuable tool to motivate offenders.

The debate over flash incarceration that consumed much of the legislative discussion surrounding Proposition 36 during the past few years has sidetracked policy-makers, however. Proposition 36 showed that the state as a whole was not prepared for the massive increase in demand for substance abuse treatment created by the new law. To the extent the state did not take the necessary actions to improve alcohol and drug treatment programs where and when they could have made a difference, Proposition 36 could not fully succeed, as its ultimate success rested on those programs.

Proposition 36 can be far more effective, but not before policy-makers develop a comprehensive strategy to use research and planning to improve and coordinate the fight against addiction and the harms it causes.

In its second review of the alcohol and drug treatment system, the Commission met many state officials, county administrators, treatment providers and experts in addiction treatment who were impressive in their passion and knowledge. Their task is difficult, decidedly unglamorous, yet critically important to the public's health. What the Commission found is that California has the talent and intellectual capital to build a first-class addiction treatment system.

The state can play a powerful role in guiding local officials, setting standards for treatment providers and showing counties how to maximize the flexibility in program choices they have, and use its power of the purse to drive changes to create an outcome-based system. Helping people trapped by substance abuse improves their lives and the lives of those around them and ultimately, reduces demand for state services. At the state level, the experience of the past five years shows that this difficult job is beyond the scope and capacity of the Department of Alcohol and Drug Programs alone. The department is a central part of the solution, but success will require sustained leadership from the governor and the Legislature.

***Recommendation 1: The state should transform substance abuse treatment into a performance-driven system based on a comprehensive model of care through the use of incentives and mandates to improve quality, transparency and outcomes.***

- ❑ ***Adopt a comprehensive model of care.*** The new system should include emphasis on screening and early intervention to get clients the most appropriate treatment at the earliest stage possible; integration of treatment with other health and human services; and, easily accessible information on outcomes. The system also should incorporate treatment strategies for life-long recovery.
- ❑ ***Tie funding to outcomes. Counties that demonstrate quality and improved outcomes should be rewarded.***
  - ✓ ***Require performance management.*** The governor and Legislature should pass legislation giving the Department of Alcohol and Drug Programs the ability to distribute an annually increasing portion of funding to counties based on outcomes. The department should allow counties to determine their priorities and require that counties set performance goals. More funding should go to counties that meet their goals.
  - ✓ ***Prioritize quality, not quantity.*** The Department of Alcohol and Drug Programs should require counties to assess the cost of providing evidence-based practices and prioritize those practices in their funding distribution.

- ✓ ***Require Continuous Quality Improvement as a condition of program licensure.*** The Department of Alcohol and Drug Programs should rewrite regulations regarding program licensure to include outpatient programs and should require all provider programs to adopt continuous quality improvement measures.
- ***Standardize counselor certification and create tiered levels of certification.*** The Department of Alcohol and Drug Programs should develop a code of ethics, curriculum and examinations that ensure uniformity in counselor education. The governor and Legislature should pass legislation creating graduated levels of counselor certification to encourage professional development and higher wages in the treatment workforce without excluding peer counselors.
- ***Eliminate regulatory and statutory barriers that hinder counties from adopting a comprehensive model of care and a system that provides proven, cost-effective treatment.***
  - ✓ ***Amend regulations for Medi-Cal and other funding streams to allow for best practices.*** The governor and Legislature should rewrite Medi-Cal rules to allow primary care clinics to more easily offer substance abuse treatment and to allow substance abuse treatment clinics to more easily offer mental health and general health care services. The governor and Legislature should rewrite rules for treatment funding to allow providers more flexibility to use best practices, such as recovery support services, and to cover U.S. Food and Drug Administration-approved medications, such as buprenorphine.
  - ✓ ***Prioritize co-occurring disorders.*** The Department of Mental Health and the Department of Alcohol and Drug Programs must work together and with the federal government to clarify regulations regarding funding streams and to encourage the treatment of co-occurring disorders. The Mental Health Services Oversight and Accountability Commission should adopt a policy urging counties to use Proposition 63 funding to expand county capacity to treat people with co-occurring disorders.
  - ✓ ***Activate reimbursement codes that allow billing for Screening and Brief Intervention programs.*** The Department of Health Care Services and the Department of Finance should activate the reimbursement codes to allow billing for screening and brief interventions in both Medi-Cal and private health plan programs.
  - ✓ ***Repeal the Uniform Accident and Sickness Policy Provision.*** The governor and Legislature should overturn this outdated

law that discourages hospitals from screening patients for substance abuse problems.

***Recommendation 2: The state should institutionalize understanding, leadership and oversight of substance abuse issues to provide a more cohesive, cost-effective statewide substance abuse policy. Specifically, the state should:***

- ❑ ***Create a substance abuse policy council.*** The governor should convene a council of substance abuse experts to act as an advisor to the Department of Alcohol and Drug Programs and other state agencies on improving responses to substance abuse issues. The council should examine barriers to data collection and collaboration among systems as a first step.
- ❑ ***Require annual substance abuse reports.*** The Health and Human Services Agency should require departments within the agency that deal with substance abuse issues to collect standardized data on substance abuse within their system, create strategies for reducing alcohol and drug abuse and publish annual reports on their findings. The Department of Corrections and Rehabilitation should perform the same functions. The Department of Alcohol and Drug Programs should coordinate with other agencies to prepare an annual report as it is required to produce by Health and Safety Code Section 11755 (p) that also includes a comprehensive catalog of public spending on prevention and treatment, as well as outcomes of the treatment.
- ❑ ***Make the Assembly Select Committee on Alcohol and Drug Abuse a permanent, joint committee.*** The Legislature should signal its commitment to addressing substance abuse as a distinct policy issue by creating a permanent committee that includes members of both the Assembly and Senate. The committee should review all current laws regarding substance abuse treatment to ensure implementation and identify needed reforms to reflect the current understanding of substance abuse and addiction.

***Recommendation 3: The state should transform programs for nonviolent drug offenders by tying funding to outcomes, requiring drug court models where appropriate, and requiring counties to tailor programs to offenders' individual risks and needs. Specifically, the state should:***

- ❑ ***Work with judiciary to develop standards for a continuum of services.*** The state should work with the judiciary to develop guidelines for best practices for diversion, Proposition 36 and felony drug court programs, including models for screening and assessment, treatment practices and supervision practices, as well as guidelines for moving offenders from program to program, based on their success or failure. Each county should be required to develop a Proposition 36 drug

court to handle the offenders who need more intensive treatment and supervision.

- ❑ ***Adapt the goal of the Offender Treatment Program – incentivizing best practices – into Proposition 36 and use guidelines to define success.*** The state should merge the Offender Treatment Program and the Proposition 36 program into a single program and rewrite funding regulations to allow the state to reward or penalize counties based on performance. The state should set priorities, tie funding to those priorities and annually publish data rating the counties on how well they meet these outcomes. The priorities could include:
  - ✓ Lowering re-arrest rates of Proposition 36 offenders.
  - ✓ Lowering the number of offenders who fail to enter treatment.
  - ✓ Increasing the number of offenders who stay in treatment for at least 90 days.
- ❑ ***Coordinate Proposition 36 and Proposition 63.*** The Mental Health Services Oversight and Accountability Commission should encourage counties to use Proposition 63 money for Proposition 36 offenders. Proposition 63 funding streams, such as the Community Services and Supports fund, should be used to provide mental health services to Proposition 36 offenders who suffer from co-occurring disorders. The state Department of Alcohol and Drug Programs must first require counties to conduct screening for co-occurring disorders – paid for by Proposition 36 funds – to fully understand the number of offenders with co-occurring disorders.
- ❑ ***The Department of Corrections and Rehabilitation should place more focus on parolees in Proposition 36 programs.*** The state should assign more parole agents to specific Proposition 36 caseloads, and design space in planned re-entry facilities for Proposition 36 programs for parolees. To reduce recidivism and prison costs, the state should create financial incentives for providers who develop successful Proposition 36 programs for parolees.
- ❑ ***Redesign the contract between the Department of Alcohol and Drug Programs and UCLA to allow UCLA to publish reports independently of the department.*** The current relationship allows the department too much authority over evaluations of a program that it runs, setting up an inherent conflict of interest.